

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOT-00 INR-07 NSAE-00 FAA-00 PM-03 H-01 L-02 NSC-05

PA-01 PRS-01 SP-02 SS-15 USIA-06 ACDA-05 IO-10 NIC-01

SAJ-01 CU-02 /084 W

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R 170930Z FEB 75

FM USMISSION USBERLIN

TO SECSTATE WASHDC 0494

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY PARIS

C O N F I D E N T I A L USBERLIN 0293

E.O. 11652: GDS

TAGS: PGOV, EAIR, WB, US, UK, FR, GW

SUBJECT: DIVISION OF IGS TRAFFIC BETWEEN TEGEL AND
TEMPELHOF AND PROSPECTS OF PANAM'S REMAINING AT
TEMPELHOF

REF: STATE 3384 B. BONN 2622 C. USBERLIN 276

1. SUMMARY: PAN AM'S BERLIN CHIEF GALLAGHER TOLD MISOFFS
FEB 14 PANAM URGENTLY REQUIRED APPROVAL OF ROUTE-SWAP
PROPOSAL BY CAA'S IN ORDER TO BUBLISH APRIL NEW SCHEDULES
TO TAKE EFFECT MAY 1. HE UNDERSTOOD PANAM PLANNED TO
REEXAMINE MOVE TO TEGEL IN COOLER POST-ELECTION ATMOSPHERE.
IF PANAM DOES MOVE, IT MAY WELL BE DURING LAST WEEK OF
JULY AS BA HAS PROPOSED. IN VIEW OF PANAM STATEMENT
MADE FEB 10 AT USBER' SUGGESTION, WE SEE NOTHING TO BE
GAINED AND MUCH TO BE LOST BY ADDITIONAL PUBLIC STATEMENT.
END SUMMARY.

2. WE CALLED IN GALLAGHER, PANAM DIRECTOR FOR BERLIN, ON
FEB 14 TO BRIEF HIM ON HAMBLETON CONVERSATION WITH DEPTOFFS
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(REF A)

3. GALLAGHER WAS UNDERSTANDABLY PLEASED THAT DEPT. HAD APPROVED ROUTE SWAP ARRANGEMENT SUBJECT TO RESOLUTION OF POSSIBLE LEGAL PROBLEMS. (ON LATER POINT, HE SAID PANAM'S LAWYERS WERE THEMSELVES UNSURE WHETHER PROPOSAL HAD TO BE BROUGHT FORMALLY TO ATTENTION OF CAB). GALLAGHER SAID IT VERY IMPORTANT FOR PANAM'S IGS OPERATIONS THAT ROUTE-SWAP PROPOSAL BE APPROVED QUICKLY BY CAA'S. SCHEDULE PUBLICATION APRIL 1 COULD THEN BE WORKED OUT AND MADE AVAILABLE TO TRAVEL AGENTS WHO NEEDED THEM URGENTLY. WHEN WE NOTED THAT DEPT HAD APPROVED/PROPOSAL IN PRINCIPLE AND THAT UK GOVT WOULD PRESUMABLY HAVE NO DIFFICULTY WITH PROPOSAL, FORMAL FRENCH AGREEMENT EMERGED AS REMAINING HURDLE. IN THAT CONNECTION, GALLAGHER WANTED

US TO REPORT THAT AIR FRANCE IN BERLIN CONTINUED TO URGE PANAM TO GET TO TEGEL SOON IN ORDER TO TAKE OVER ALL AIR FRANCE HANDLING OPERATIONS AND PERMIT AIR FRANCE TO GO OUT OF BUSINESS HERE SAVE FOR TICKET SALES AND ACTUAL FLYING OF AIRCRAFT. (CONTRACT WITH AIR FRANCE WILL BE PURE PROFIT IF PANAM MOVES TO TEGEL, AND IS ONE ARGUMENT IN FAVOR OF MOVE).

4. WITH RESPECT TO MOVE TO TEGEL, GALLAGHER CONFIRMED AGAIN HE IS ABSOLUTELY ENJOINED BY PANAM NEW YORK FROM UNDERTAKING ANY PURCHASES OF EQUIPMENT UNTIL PANAM RENTAL AGREEMENT WITH BERLINER FLUGHAFEN GESELLSCHAFT IS AGREED AND SIGNED. (HE WILL BE IN NEW YORK FEBRUARY 24 TO DISCUSS CONTRACT). GALLAGHER'S GUESS IS THAT BECAUSE OF BFG'S PROBLEMS, PANAM MAY WIND UP ACCEPTING BA'S PROPOSAL THAT MOVE TAKE PLACE DURING AIR-TRAFFIC DOLDRUMS OF LAST WEEK OF JULY. AT ANY RATE MOVE CANNOT TAKE PLACE BEFORE MID-MAY BECAUSE BFG WILL NOT HAVE INSTALLED NECESSARY EQUIPMENT AT TEGEL BEFORE THEN. GALLAGHER SAID THAT ECONOMICS SENATOR KOENIG HAS MADE CLEAR ALL ALONG THAT HE DOES NOT CARE WHEN AIRLINES MOVE AS LONG AS THEY ARE FIRMLY COMMITTED TO DO SO.

5. MISOFFS INFORMED GALLAGHER OF DEPT'S VIEW THAT PANAM SHOULD MOVE TO TEGEL. GALLAGHER REPLIED THAT PANAM WANTED TO LOOK AT MATTER AGAIN AFTER MARCH ELECTIONS. WITH RESPECT TO BA PROBLEM, HE SAID HE WAS QUITE SURE QUOTE BA COULD BE CONFIDENTIAL

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BOUGHT UNQUOTE. HE ALSO BELIEVED THAT ACTIVIST SENAT AIR EXPERT BENTZIEN, WHO HAD BEEN TRYING TO MAKE REPUTATION THROUGH CONVINCING AIRLINES TO MOVE TO TEGEL, WAS BEHIND SHARP SENAT REACTION TO PANAM'S REVELATION THAT IT WAS CONSIDERING STAYING AT TEMPELHOF. GALLAGHER POINTED OUT AGAIN THAT UNTIL MID-1974 SENAT STILL PREFERRED TWO-AIRPORT SOLUTION.

6. GALLAGHER ALSO SAID THAT ROUTE-SWAP, WHEN APPROVED, WOULD BE ACCOMPANIED BY SOME MINOR IMPROVEMENTS IN SERVICE TO PASSENGERS ALTHOUGH PANAM DID NOT HAVE FUNDS TO MODERNIZE 727 AS EXTENSIVELY AS LUFTHANSA HAD DONE. ASKED ABOUT FREQUENCY, HE SAID PRESENT DRAFT PLANS CALLED FOR SOME REDUCTIONS. FOR EXAMPLE, IN CASE OF FRANKFURT, THERE WOULD BE FOURTEEN AS OPPOSED TO EIGHTEEN FLIGHTS DAILY (DURING SUMMER SEASON) BUT TOTAL SEAT CAPACITY SINCE 727S WOULD BE REPLACING BAC111 FLIGHTS IN SOME CASES. IGS AIRCRAFT WOULD FURTHER IMPROVE WHEN BA USED TRIDENTS INSTEAD OF BAC 111S.

7. MISSION AND PANAM AGREE FULLY THAT THERE IS NO RPT NO NEED FOR PUBLIC STATEMENT IN VIEW OF STATEMENT REPORTED REF.C WHICH HAS PUT MATTER TO REST FOR THE MOMENT. SENAT HAS ITSELF REQUESTED THAT AIR MATTERS NOT BE SUBJECT OF FURTHER PUBLICITY. WE INTEND TO INFORM SENAT IN DUE COURSE OF DEPT APPROVAL OF ROUTE-SWAP PROPOSAL BUT SEE NO URGENCY, SINCE SENAT WAS CONVINCED IN ANY CASE APPROVAL WOULD BE FORTHCOMING. GEORGE

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